

EXHIBIT A

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2002-C
CUSIP NO. _____**

NOTICE OF CHANGE TO A _____ RATE

Notice is hereby given to the registered owners of \$ _____ of the above-captioned issue (the "Warrants") of Jefferson County, Alabama (the "County") that:

1. In accordance with the Sixth Supplemental Indenture relating to the Warrants (the "Indenture"), dated as of October 1, 2002, between the County and The Bank of New York (the "Trustee"), subject to the conditions hereinafter set forth, if any, the interest rate on the Warrants (or such lesser principal amount thereof as may be specified in an attachment hereto) will be changed to a _____ Rate. Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Indenture. The following statements are summaries of certain provisions of the Indenture which do not purport to be complete and are qualified in their entirety by reference to the Indenture.

2. The _____ Rate will be effective from and after _____ (the "Effective Date").

3. The Warrants are subject to mandatory tender on the Effective Date at a purchase price equal to the principal amount thereof.

4. The proposed Change in the Interest Rate Mode shall take effect only if the applicable conditions set forth in Article IV of the Indenture have been satisfied.

5. Registered owners of Warrants are required to deliver their Warrants to the Tender Agent at The Bank of New York, _____, New York, New York _____ no later than [Tender Agent to insert proper time], New York City time, on the Effective Date endorsed in blank by the registered owner thereof or accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent executed for transfer in blank by the registered owner thereof (the Tender Agent being able to refuse to make payment with respect to any such Warrant not endorsed in blank or for which an instrument of transfer satisfactory to it has not been provided).

6. Each registered owner of Warrants who has properly tendered such Warrants in accordance with the above provisions will be paid the purchase price therefor on the Effective Date and, if such purchase price is paid, such registered owner shall have no further rights with respect to said Warrants.

7. Holders of Warrants subject to mandatory tender shall have no right to retain such Warrants and shall be required to tender such Warrants on the date established for the mandatory tender for purchase thereof.

8. With respect to any registered owner of Warrants who has not properly tendered such Warrants in accordance with the above provisions of this notice, (A) such registered owner's Warrants will be deemed tendered and purchased on the Effective Date at a purchase price equal to the principal amount thereof, (B) such registered owner will be paid interest on such Warrants on the Effective Date as provided in the Indenture and will be paid such purchase price for such Warrants upon the tender of such Warrants to the Tender Agent and (C) interest on such Warrants shall cease to be payable to such registered owner from and after the Effective Date, and after the Effective Date such registered owner will have no rights with respect to such Warrants except to receive payment of the purchase price equal to the principal amount thereof upon tender of such Warrants to the Tender Agent.

Dated: _____

JEFFERSON COUNTY, ALABAMA

By: THE BANK OF NEW YORK, as Trustee

By _____
Authorized Representative

JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2002-C
CUSIP NO. ____

CERTIFICATE PURSUANT TO
SECTION [4.1(c)(i)(2) or 4.2(c)(i)(2)] OF THE
SIXTH SUPPLEMENTAL INDENTURE

NOTICE IS HEREBY GIVEN to The Bank of New York, as Trustee for the above-captioned issue (the "Warrants") [and to The Bank of New York as Auction Agent, if applicable] that Jefferson County, Alabama (the "County") hereby authorizes the establishment of a _____ Rate.

Notice is also hereby given that the County has obtained confirmation that (a) Bond Counsel expects to be able to give its opinion on the effective date of the Change in the Interest Rate Mode to the effect that the change to the _____ Rate is authorized by the Sixth Supplemental Indenture referred to below, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the Warrants from gross income for federal income tax purposes, and (b) any amendments to the Sixth Supplemental Indenture referred to below necessary to provide for the application of moneys available under the Liquidity Facility have been agreed to by the parties hereto and will be in effect prior to the Change in the Interest Rate Mode.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Sixth Supplemental Indenture relating to the above-captioned Warrants, dated as of October 1, 2002, by and between the County and The Bank of New York, as trustee.

JEFFERSON COUNTY, ALABAMA

By _____
Authorized County Representative

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2002-C
CUSIP NO. ____**

**CERTIFICATE PURSUANT TO
SECTION [4.1(c)(ii)] OF THE
SIXTH SUPPLEMENTAL INDENTURE**

NOTICE IS HEREBY GIVEN to The Bank of New York, as Trustee for the above-captioned issue (the "Warrants") [and to The Bank of New York, as Auction Agent, if applicable] that with respect to a Change in the Interest Rate Mode pursuant to Section 4.1 of the Sixth Supplemental Indenture referred to below all of the Warrants tendered or deemed tendered have been purchased at a price equal to the principal amount thereof with funds provided from the remarketing of such Warrants in accordance with the Remarketing Agreement or from other funds deposited with the Tender Agent, and that accrued and unpaid interest, if any, and premium, if any, have been paid from money deposited with the Trustee.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Sixth Supplemental Indenture, dated as of October 1, 2002, by and between Jefferson County, Alabama and The Bank of New York, as trustee.

JEFFERSON COUNTY, ALABAMA

By _____
Authorized County Representative

B-2-1

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2002-C
CUSIP NO. _____**

**NOTICE REGARDING ESTABLISHMENT OF
NEW ADJUSTABLE RATE**

NOTICE IS HEREBY GIVEN to The Bank of New York, as Trustee for the above-captioned issue (the "Warrants") [and to The Bank of New York, as Auction Agent, if applicable] that with respect to a Change in the Interest Rate Mode pursuant to Section 4.1 of the Sixth Supplemental Indenture referred to below all of the Auction Rate Warrants during an Auction Rate Period tendered or deemed tendered have been purchased at a price equal to the principal amount thereof with funds provided from the remarketing of such Auction Rate Warrants in accordance with the Remarketing Agreement, and that accrued and unpaid interest, if any, and premium, if any, on the Warrants have been paid pursuant to the Indenture from funds deposited with the Trustee.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Sixth Supplemental Indenture, dated as of October 1, 2002, by and between Jefferson County, Alabama, and The Bank of New York, as trustee.

JEFFERSON COUNTY, ALABAMA

By _____
Authorized County Representative

B-3-1

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2002-C**

**NOTICE OF PROPOSED CHANGE IN PERCENTAGES
USED TO DETERMINE THE
ALL HOLD RATE AND THE MAXIMUM AUCTION RATE**

NOTICE IS HEREBY GIVEN THAT [Name of Remarketing Agent], as Remarketing Agent for the above-referenced issue, proposes to change the percentage used to determine the All Hold Rate and the Applicable Percentage used to determine the Maximum Auction Rate to reflect a Change in Preference Law in accordance with the Sixth Supplemental Indenture relating to the Warrants (the "Indenture"), dated as of October 1, 2002, between the County and The Bank of New York (the "Trustee"). Assuming the conditions set forth below are met, such change will be effective on _____ (the "Effective Date").

[Insert a description of the changes in the percentages.]

An adjustment in such percentages shall take effect only if:

(i) the Trustee and the Auction Agent receive by 11:00 a.m., New York City time, on the Business Day immediately preceding the Effective Date, a certificate from the Remarketing Agent by telecopy, facsimile or similar means (A) authorizing the adjustment in the percentages, which shall be specified in such authorization, and (B) confirming that Bond Counsel expects to be able to give an opinion on the Effective Date to the effect that the adjustment in the percentages is authorized by Section 3.10 of the Indenture and will not have an adverse effect on the exclusion of interest on the Auction Rate Warrants from gross income for federal income tax purposes; and

(ii) the Trustee and the Auction Agent receive by 9:30 a.m., New York City time, on the Effective Date, an Opinion of Bond Counsel to the effect that the adjustment in the percentages is authorized by Section 3.10 of the Indenture and will not have an adverse effect on the exclusion of interest on the Auction Rate Warrants from gross income for federal income tax purposes.

If any of the conditions referred to in subparagraph (i) above is not met, the existing percentage used to determine the All Hold Rate and the existing Applicable Percentage used to determine the Maximum Auction Rate shall remain in effect and the rate of interest on the Auction Rate Warrants for the next succeeding Interest Period shall be determined in accordance with the Auction

Procedures. If any of the conditions referred to in subparagraph (ii) above is not met, the existing percentage used to determine the All Hold Rate and the existing Applicable Percentage used to determine the Maximum Auction Rate shall remain in effect and the rate of interest on the Auction Rate Warrants for the next succeeding Interest Period shall equal the Maximum Auction Rate on the Effective Date.

Capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Indenture.

[NAME OF REMARKETING AGENT],
as Remarketing Agent

By _____
Authorized Officer

Dated: _____

B-4-2

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2002-C
CUSIP NO. _____**

NOTICE OF FAILURE OF CONDITIONS

NOTICE IS HEREBY GIVEN that the conditions for effecting a Change in the Interest Rate Mode to a _____ Rate have not been met.

The above-captioned warrants (the "Warrants") will not be subject to mandatory tender for purchase on [DATE] and will therefore continue to bear interest at the Current Adjustable Rate and be subject to the provisions of the Sixth Supplemental Indenture referred to below applicable while such Warrants bear interest at the Current Adjustable Rate.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Sixth Supplemental Indenture, dated as of October 1, 2002, by and between Jefferson County, Alabama and The Bank of New York, as trustee.

THE BANK OF NEW YORK, as Trustee

By _____
Title

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2002-C**

NOTICE OF PROPOSED CONVERSION TO FIXED RATE

Notice is hereby given to the registered owners of the above-captioned issue (the "Warrants") of Jefferson County, Alabama (the "County") that:

1. The County is proposing to convert the interest rate on the Warrants to a fixed interest rate (the "Fixed Rate") on _____ (the "Fixed Rate Conversion Date"). Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Sixth Supplemental Indenture dated as of October 1, 2002, between the County and The Bank of New York, as Trustee (the "Indenture"). The following statements are summaries of certain provisions of the Indenture which do not purport to be complete and are qualified in their entirety by reference to the Indenture.
2. All Warrants are subject to mandatory tender for purchase on the Fixed Rate Conversion Date at a purchase price equal to the principal amount thereof plus, in the case of a Change in the Interest Rate Mode from a Term Rate, premium, if any.
3. The Fixed Rate shall take effect only if the conditions set forth in Section 4.2 of the Indenture have been satisfied.
4. There is no right of election to retain Warrants.
5. Registered owners of Warrants are required to deliver their Warrants to the Tender Agent by no later than [Tender Agent shall insert appropriate time], New York City time, on the proposed Fixed Rate Conversion Date at the office of the Tender Agent located at _____, endorsed in blank for transfer by the registered owner thereof or accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent executed in blank for transfer by the registered owner thereof (the Tender Agent being able to refuse payment with respect to any such Warrant not endorsed in blank or for which an instrument of transfer satisfactory to it has not been provided).
6. Each registered owner of Warrants who has properly tendered such Warrants in accordance with the above provisions will be paid the purchase price plus, in the case of a Change in the Interest Rate Mode from a Term Rate, premium, if any, therefor on the Fixed Rate Conversion Date and if such purchase price plus premium, if any, plus interest accrued to the Fixed Rate

Conversion Date (which interest will be paid in accordance with the Indenture) is paid, such registered owner shall have no further rights with respect to said Warrants.

7. With respect to any registered owner of Warrants who has not properly tendered such Warrants in accordance with the above provisions of this notice, (A) such registered owner's Warrants will be deemed tendered and purchased on such Fixed Rate Conversion Date at a purchase price equal to the principal amount thereof plus, in the case of a Change in the Interest Rate Mode from a Term Rate, premium, if any, (B) such registered owner will be paid interest on such Warrants on the proposed Fixed Rate Conversion Date as provided in the Indenture and will be paid such purchase price plus premium, if any, for such Warrants upon the tender of such Warrants to the Tender Agent and (C) interest on such Warrants shall cease to be payable to such registered owner from and after the proposed Fixed Rate Conversion Date, and after the proposed Fixed Rate Conversion Date such registered owner will have no rights with respect to such Warrants except to receive payment of the purchase price plus, in the case of a Change in the Interest Rate Mode from a Term Rate, premium, if any, upon tender of such Warrants to the Tender Agent.

Dated: _____

JEFFERSON COUNTY, ALABAMA

By: THE BANK OF NEW YORK, as Trustee

By _____
Authorized Representative

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2002-C**

**CERTIFICATE PURSUANT TO
SECTION 4.2(c)(ii)(2) OF THE INDENTURE**

NOTICE IS HEREBY GIVEN that, with respect to a Change in the Interest Rate Mode pursuant to Section 4.2 of the Sixth Supplemental Indenture referred to below, all of the Warrants tendered or deemed tendered have been purchased at a price equal to the principal amount thereof, with funds provided from the remarketing of such Warrants in accordance with the Remarketing Agreement or from other funds deposited with the Tender Agent, and accrued and unpaid interest, if any, plus, in the case of a Change in the Interest Rate Mode from a Term Rate, premium, if any, have been paid from money deposited with the Trustee on terms permitting the payment of such premium when due.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Sixth Supplemental Indenture, dated as of October 1, 2002, by and between Jefferson County, Alabama and The Bank of New York, as trustee.

JEFFERSON COUNTY, ALABAMA

By _____
Authorized County Representative

**JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2002-C**

**NOTICE OF FAILURE OF CONDITIONS
TO FIXED RATE CONVERSION**

NOTICE IS HEREBY GIVEN that the conditions for effecting a Change in the Interest Rate Mode to a Fixed Rate have not been met.

The above-captioned Warrants will therefore not be subject to mandatory tender for purchase on [DATE] and will continue to bear interest at the Current Adjustable Rate and be subject to the provisions of the Sixth Supplemental Indenture referred to below applicable while such Warrants bear interest at the Current Adjustable Rate.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Sixth Supplemental Indenture, dated as of October 1, 2002, by and between Jefferson County, Alabama and The Bank of New York, as trustee.

THE BANK OF NEW YORK, as Trustee

By _____
Title

JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2002-C

NOTICE OF ELECTION TO TENDER

Note: The substance of this Notice must be given to the Remarketing Agent by telephone at or prior to the time this Notice must be delivered.

1. The undersigned, _____, owner of the following Warrants:

Cusip Number**

Principal Amount

hereby notifies you of its election to tender such Warrants for purchase on [_____, ____], (which date shall be a Business Day) and (a) if this Warrant bears interest at a Daily Rate as defined in the Sixth Supplemental Indenture referred to below, the date of purchase shall be the date of delivery of this Notice to the Tender Agent and the Remarketing Agent if received by 11:00 a.m., New York City time, or may be any Business Day thereafter; and (b) if this Warrant bears interest at a Weekly Rate as defined in said Sixth Supplemental Indenture, the date of purchase shall be a Business Day not prior to the seventh day immediately following the date of delivery of this Notice to the Tender Agent and the Remarketing Agent.

2. If only a portion of a Warrant is being tendered, both the tendered portion and untendered portion must be authorized denominations (\$100,000 or any integral multiple of \$5,000 in excess of such amount) for Warrants bearing a Daily Rate or Weekly Rate.

3. After its execution and delivery by the undersigned, this notice will be irrevocable.

4. The person or persons to whom or to whose order the proceeds of the purchase of the above-referenced Warrants are to be paid; such person's or persons' taxpayer identification number or numbers and the address or addresses of such payee or payees is _____

**Warrant Number, if Warrants are no longer held by Securities Depository.

which information the undersigned, under the penalties of perjury, certifies to be true, correct and complete.

5. The undersigned hereby undertakes to deliver the Warrants to The Bank of New York (the "Tender Agent") no later than 11:30 a.m., New York City time, for Warrants bearing interest at the Weekly Rate, and 12:00 noon, New York City time, for Warrants bearing interest at a Daily Rate, on the date of purchase at the office of the Tender Agent located _____, endorsed in blank for transfer or accompanied by an instrument of transfer executed in blank for transfer, and acknowledges that any instrument of transfer must be in a form satisfactory to the Tender Agent and that the Tender Agent may refuse to make payment with respect to any Warrant not endorsed in blank or for which an instrument of transfer satisfactory to the Tender Agent has not been provided.

6. The undersigned hereby also assigns and transfers and directs the Tender Agent to transfer the Warrants delivered in connection herewith to the appropriate party under the terms and conditions contained in said Sixth Supplemental Indenture.

7. The undersigned acknowledges that, in the event of a failure to deliver the Warrants or in the event such Warrants are not properly delivered, such Warrants shall nevertheless be deemed tendered and purchased on the date referred to in (1) above, no interest shall accrue thereon to the undersigned from and after such date of purchase and that the undersigned shall have no rights under the Warrants or under said Sixth Supplemental Indenture except the right to receive the purchase price of the Warrants.

8. Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Sixth Supplemental Indenture, dated as of October 1, 2002, by and between Jefferson County, Alabama and The Bank of New York, as Trustee. The statements contained herein are summaries of certain provisions of said Sixth Supplemental Indenture, which summaries do not purport to be complete and are qualified in their entirety by reference to such document.

Dated: _____

Name of Owner as it is written on the face of the above-listed Warrants in every particular, without alteration, enlargement or any change whatsoever

Witness

JEFFERSON COUNTY, ALABAMA
SEWER REVENUE REFUNDING WARRANTS
SERIES 2002-C

NOTICE OF MANDATORY TENDER UPON EXPIRATION,
TERMINATION, SUBSTITUTION OR AMENDMENT
OF LIQUIDITY FACILITY
OR FAILURE TO MAINTAIN RATING

Notice is hereby given to the registered owners of the above-captioned issue (the "Warrants") of Jefferson County, Alabama (the "County") that:

1. In accordance with the Sixth Supplemental Indenture (the "Indenture") dated as of October 1, 2002, between the County and The Bank of New York, notice is hereby given that [the Liquidity Facility issued by _____ with respect to the Warrants (the "Liquidity Facility") will expire, terminate, or be amended, or an Alternate Liquidity Facility will be substituted therefor, which expiration, termination, amendment or substitution will result in a reduction in or withdrawal of the short-term or long-term rating or both assigned to the affected Warrants by Moody's or S&P, on _____] [_____, the provider of a Liquidity Facility (the "Liquidity Facility") with respect to certain of the Warrants, has failed to maintain its ratings as specified in the Indenture] and that all Warrants covered by the Liquidity Facility, other than Bank Warrants and Warrants held by or for the account of the County, are subject to mandatory tender under the circumstances set forth in Section 5.4 of the Indenture as hereinafter set forth at a purchase price equal to the principal amount thereof.

2. Those of the Warrants covered by the Liquidity Facility are subject to mandatory tender for purchase on _____ (the "Mandatory Tender Date").

3. Holders of Warrants subject to mandatory tender for purchase on the Mandatory Tender Date shall have no right to retain their Warrants and shall be required to tender such Warrants no later than the Mandatory Tender Date as provided herein.

4. On and after the Mandatory Tender Date, the [short-term] [long term] rating on the Warrants covered by the Liquidity Facility by [insert, as appropriate: (i) Moody's and/or S&P will be _____ and/or (ii) Moody's and/or S&P may be reduced or withdrawn].

5. Registered owners of Warrants are required to deliver their Warrants to the Tender Agent on the Mandatory Tender Date at the office of the Tender Agent located at _____, endorsed in blank by the registered owner thereof or accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent

executed in blank by the registered owner thereof (the Tender Agent being able to refuse to make payment with respect to any such Warrant not endorsed in blank or for which an instrument of transfer satisfactory to it has not been provided).

6. Each registered owner of Warrants who has properly tendered such Warrants in accordance with the above provisions will be paid the purchase price therefor, plus interest accrued to the Mandatory Tender Date, which interest will be paid to such registered owner in accordance with the Indenture, and if such purchase price and interest is paid, such registered owner shall have no further rights with respect to said Warrants.

7. With respect to any registered owner of Warrants who has not properly tendered such Warrants in accordance with the above provisions of this notice (A) such registered owner's Warrants will nevertheless be deemed tendered and purchased on the Mandatory Tender Date at a purchase price equal to the principal amount thereof, (B) such registered owner will be paid interest on such Warrants on the Mandatory Tender Date as provided in the Indenture and will be paid such purchase price for such Warrants upon the tender of such Warrants to the Tender Agent and (C) interest on such Warrants shall cease to be payable to such registered owner from and after the Mandatory Tender Date, and after the Mandatory Tender Date such registered owner will have no rights with respect to such Warrants except to receive payment of the purchase price upon tender of such Warrants to the Tender Agent.

8. Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Indenture. The statements contained herein are summaries of certain provisions of the Indenture which do not purport to be complete and are qualified in their entirety by reference to the Indenture.

Dated: _____

JEFFERSON COUNTY, ALABAMA

By: THE BANK OF NEW YORK, as Trustee

By _____
Authorized Officer

357674.4

H-2

SEVENTH SUPPLEMENTAL INDENTURE

between

JEFFERSON COUNTY, ALABAMA

and

THE BANK OF NEW YORK

Dated as of November 1, 2002

Relating to

\$475,000,000

JEFFERSON COUNTY, ALABAMA

**Sewer Revenue Capital Improvement Warrants
Series 2002-D**

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to
SEVENTH SUPPLEMENTAL INDENTURE
between
JEFFERSON COUNTY, ALABAMA
and
THE BANK OF NEW YORK

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SEVENTH SUPPLEMENTAL INDENTURE between **JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama (herein called the "County"), and **THE BANK OF NEW YORK**, a New York banking corporation and the successor to AmSouth Bank of Alabama in its capacity as Trustee under that certain Trust Indenture of the County dated as of February 1, 1997 (said banking corporation in such capacity, as well as any successor trustee under said Trust Indenture, being herein called the "Trustee"),

RECITALS

Under and pursuant to the provisions of the aforesaid Trust Indenture (herein called the "Original Indenture"), the County has heretofore issued \$211,040,000 principal amount of Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997 (herein called the "Series 1997-A Warrants"), \$48,020,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997 (herein called the "Series 1997-B Warrants"), which are now outstanding in the principal amount of \$10,805,000, and \$52,880,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-C, dated February 15, 1997 (herein called the "Series 1997-C Warrants"), which are now outstanding in the principal amount of \$41,820,000. The Series 1997-A Warrants, the Series 1997-B Warrants and the Series 1997-C Warrants were issued to refund certain indebtedness of the County that had been incurred to pay the costs of certain capital improvements to the County's sanitary sewer system (herein called the "System").

Under the provisions of Article X of the Original Indenture, the County reserved the right to issue, upon compliance with the conditions precedent set forth in said Article X, additional warrants, bonds, notes or other forms of indebtedness (herein called "Additional Parity Securities"), to be secured on a parity with securities previously issued under the Indenture, for the purposes of refunding any outstanding obligations of the County issued to finance capital improvements to the System and of financing the costs of acquiring and constructing capital improvements to the System. The County has heretofore issued as Additional Parity Securities (a) its \$296,395,000 aggregate principal amount of Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997 (herein called the "Series 1997-D Warrants"), which are now outstanding in the principal amount of \$115,740,000, (b) its \$952,695,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999 (herein called the "Series 1999-A Warrants"), which are now outstanding in the principal amount of \$506,910,000, (c) its \$275,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2001-A, dated March 1, 2001 (herein called the "Series 2001-A Warrants"), which are now outstanding in the principal amount of \$176,840,000, (d) its \$110,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-A, dated March 6, 2002 (herein called the "Series 2002-A Warrants"), (e) its \$540,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-B, dated September 1, 2002 (herein called the "Series 2002-B Warrants"), and (f) its \$839,500,000 aggregate principal amount of Sewer Revenue Refunding Warrants, Series 2002-C, dated October 25, 2002 (herein called the "Series 2002-C Warrants"). Such series of

Additional Parity Securities have been issued under the Original Indenture, as supplemented and amended by the First Supplemental Indenture dated as of March 1, 1997 (herein called the "First Supplemental Indenture"), the Second Supplemental Indenture dated as of March 1, 1999 (herein called the "Second Supplemental Indenture"), the Third Supplemental Indenture dated as of March 1, 2001 (herein called the "Third Supplemental Indenture"), the Fourth Supplemental Indenture dated as of February 1, 2002 (herein called the "Fourth Supplemental Indenture"), the Fifth Supplemental Indenture dated as of September 1, 2002 (herein called the "Fifth Supplemental Indenture"), and the Sixth Supplemental Indenture dated as of October 1, 2002 (herein called the "Sixth Supplemental Indenture"), between the County and the Trustee.

The County proposes to sell and issue the Series 2002-D Warrants hereinafter referred to in order to obtain funds to pay the costs of additional capital improvements to the System. The County has, by proper official action and pursuant to the provisions of the Original Indenture (as heretofore supplemented), duly authorized said Series 2002-D Warrants, which are to be secured by the Original Indenture, as supplemented hereby and by the First, Second, Third, Fourth, Fifth and Sixth Supplemental Indentures, on a parity with the outstanding Series 1997-A Warrants, Series 1997-B Warrants, Series 1997-C Warrants, Series 1997-D Warrants, Series 1999-A Warrants, Series 2001-A Warrants, Series 2002-A Warrants, Series 2002-B Warrants and Series 2002-C Warrants (herein together called the "Outstanding Parity Securities"). This Seventh Supplemental Indenture has been executed and delivered in order to specify the details with respect to said Series 2002-D Warrants and to provide for certain other matters set forth herein.

NOW, THEREFORE, THIS

SEVENTH SUPPLEMENTAL INDENTURE

WITNESSETH:

It is hereby agreed among the County, the Trustee and the holders at any time of said Series 2002-D Warrants (the holders of said warrants evidencing their consent hereto by the acceptance of said warrants), each with each of the others, as follows:

ARTICLE I

DEFINITIONS, FINDINGS AND USE OF PHRASES

Section 1.1 **New Definitions.** Unless the context clearly indicates a different meaning, the following words and phrases, as used in this Seventh Supplemental Indenture, shall have the following respective meanings:

"Bond Insurer" means Financial Guaranty Insurance Company.

"Series 2002-D Capitalized Interest Account" means the special account with that name established in Section 5.4 hereof.

"Series 2002-D Insurance Policy" means the municipal bond insurance policy issued by the Bond Insurer that guarantees payment of principal of and interest on the Series 2002-D Warrants.

"Series 2002-D Issuance Costs" means the reasonable costs and expenses of issuing and selling the Series 2002-D Warrants, including, without limitation, the fees and expenses of Bond Counsel to the County, the acceptance fee of the Trustee, the fees of any Rating Agency rating the Series 2002-D Warrants, bond insurance premiums, accounting fees, financial advisory fees, underwriters' commissions and discounts, the costs of printing the Official Statement for the Series 2002-D Warrants, and other usual and customary expenses.

"Series 2002-D Warrants" means the County's Sewer Revenue Capital Improvement Warrants, Series 2002-D, authorized to be issued in the aggregate principal amount of \$475,000,000.

"Seventh Supplemental Indenture" or "this Seventh Supplemental Indenture" means this Seventh Supplemental Indenture.

"2002-D Construction Fund" means the Jefferson County Sewer System Series 2002-D Construction Fund created in Section 3.2 hereof.

"2002-D System Improvements" means the System Improvements, the costs of which are to be financed, in whole or in part, through the issuance of the Series 2002-D Warrants.

Section 1.2 **Findings.** The Governing Body has ascertained and does hereby find and declare as follows:

(a) Purposes for which Additional Parity Securities may be Issued. In the Original Indenture, the County has reserved the right to issue, upon compliance with the conditions precedent set forth therein, additional warrants, bonds, notes or other obligations that are secured on a parity with the Outstanding Parity Securities, as respects the pledge of the revenues derived by the County from the operation of the System, for the purposes of financing the costs of constructing or acquiring any System Improvements and refunding or retiring all or any portion of any one or more series of Parity Securities then outstanding under the Indenture or any other obligations of the County issued to finance System Improvements.

(b) Purpose of the Series 2002-D Warrants. In order to comply with the requirements of the Consent Decree entered in those civil actions consolidated in the United States District Court, Northern District of Alabama, and styled *United States of America v. Jefferson County, Alabama, et al.*, Civil Action No. 94-G-2947-S, and *R. Allen Kipp, Jr., et al. and Cahaba River Society, Inc.*

v. Jefferson County, Alabama, et al., Civil Action No. 93-G-2492-S, and to otherwise provide for the expansion and improvement of the System, it is necessary, desirable and in the public interest for the County to issue the Series 2002-D Warrants to finance the costs of acquiring and constructing various System Improvements.

(c) **No Default.** No Event of Default and no event which, with the giving of notice or the passage of time or both, would constitute such an Event of Default, has occurred and is continuing.

(d) **Parity Securities Previously Issued.** No Parity Securities, other than the Outstanding Parity Securities, have heretofore been issued by the County under the Indenture, and the County now has no outstanding obligations payable from the revenues derived by the County from the operation of the System except the Outstanding Parity Securities and certain related Qualified Swap transactions.

(e) **Revenue Forecast.** The firm of Paul B. Krebs & Associates, Inc., has provided the County and the Trustee with a Revenue Forecast that satisfies the requirements of Section 10.2 of the Original Indenture with respect to the issuance of the Series 2002-D Warrants.

Section 1.3 Use of Phrases. "Herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter" and other equivalent words refer to this Seventh Supplemental Indenture as an entirety and not solely to the particular portion thereof in which any such word is used. The terms used herein include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders.

Section 1.4 Definitions Contained in the Original Indenture. Unless the context clearly indicates a different meaning, any words, terms or phrases that are used in this Seventh Supplemental Indenture as defined terms without being herein defined shall have the meanings respectively given them in the Original Indenture (subject to any amendments thereto made herein or in the First, Second, Third, Fourth, Fifth or Sixth Supplemental Indenture).

Section 1.5 References to the Parity Securities and the Indenture. The County and the Trustee acknowledge and agree that, from and after the issuance by the County of the Series 2002-D Warrants, any reference in the Original Indenture, in the First Supplemental Indenture, in the Second Supplemental Indenture, in the Third Supplemental Indenture, in the Fourth Supplemental Indenture, in the Fifth Supplemental Indenture, in the Sixth Supplemental Indenture or in this Seventh Supplemental Indenture to the "Parity Securities" shall, unless the context clearly and unequivocally indicates otherwise, be construed to include the Outstanding Parity Securities, the Series 2002-D Warrants and any Additional Parity Securities hereafter issued.

The County and the Trustee further acknowledge and agree that, from and after the execution and delivery of this Seventh Supplemental Indenture, any reference in the Original Indenture, in the First Supplemental Indenture, in the Second Supplemental Indenture, in the Third Supplemental Indenture, in the Fourth Supplemental Indenture, in the Fifth Supplemental Indenture, in the Sixth

Supplemental Indenture or in this Seventh Supplemental Indenture to the "Indenture" shall, unless the context clearly and unequivocally indicates otherwise, be construed to refer to the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture and this Seventh Supplemental Indenture. The provisions of the Original Indenture, to the extent they are not inconsistent with the provisions hereof, shall also apply to this Seventh Supplemental Indenture.

ARTICLE II

THE SERIES 2002-D WARRANTS

Section 2.1 Authorization and Description of the Series 2002-D Warrants and Places of Payment. Pursuant to the applicable provisions of the Act, and for the purposes of (i) providing for the payment of the costs of the 2002-D System Improvements (including certain capitalized interest), (ii) providing for the payment of the premium for the Series 2002-D Insurance Policy, (iii) providing for a deposit to the Reserve Fund established under the Indenture, and (iv) providing for the payment of the expenses of issuing the Series 2002-D Warrants, there are hereby authorized to be issued by the County \$475,000,000 in initial principal amount of its Sewer Revenue Capital Improvement Warrants, Series 2002-D. The Series 2002-D Warrants shall be dated November 1, 2002, shall be numbered from R-1 upwards in the order issued and shall be issued initially in the respective principal amounts of \$5,000 or any greater integral multiple thereof.

The Series 2002-D Warrants shall mature and become payable on the dates and in the amounts set forth below and shall bear interest from their respective dates payable on February 1, 2003, and on each February 1 and August 1 thereafter until maturity or earlier redemption at the per annum rates set forth below:

Series 2002-D Warrants

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
February 1, 2022	\$ 12,975,000	5.25%
February 1, 2023	13,675,000	5.25
February 1, 2024	14,410,000	5.25
February 1, 2025	15,190,000	5.25
February 1, 2026	16,005,000	5.25
February 1, 2027	16,850,000	5.00
February 1, 2032	98,120,000	5.00
February 1, 2038	155,200,000	5.00
February 1, 2042	132,575,000	5.00